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3 July 1968

Planned Intensity of Research and Reporting by Producers Equipment Branch

REFERENCE: Memo of 19 June 1968 to Chief Economic Research from Chief Industrial Division - subject as above.

1. We have reviewed the referenced memorandum as requested, as it applies to the planned intensity of research and reporting by the Producers Equipment Branch on "motor vehicles and parts," "locomotives and parts," "railroad freight cars" and "railroad passenger cars."

2. In view of the volume of published data and statistics emanating at present from Bloc sources and the necessity of keeping factual information and estimates up to date, the program as proposed for the USSR area seems adequate. It is not believed necessary to urge more formal reporting since close working-level liaison exists between S/TR and I/PE on the USSR area. The files of I/PE and the assistance of its members have always been entirely satisfactory although Project #360, Statistical Analysis of Production of Motor Vehicles in the USSR is now ready for publication and will be a valuable reference work for the purposes of S/TR.

3. So far as the Far Eastern area is concerned the specific commodities of interest to us apparently will be given very little attention. For China, the highest priority will be given to "locomotives and parts" and to "motor vehicles and parts." For these two items, however, I/PE will provide only summary numbers, plant data, and estimates of technological capability. Railroad freight and passenger cars will be accorded even lower priority. Apparently no attention is to be accorded North Korea and North Vietnam. As the [redacted] is currently working on Chinese freight car production and inventory, the program proposed by I/PE will probably be adequate for the needs of S/TR, although we believe that a closer working level liaison between S/TR and I/PE on the Far Eastern Area, and closer relations between I/PE and the [redacted] would benefit S/TR. During the next two years I/PE will apparently focus primarily on the study of steam water and gas turbines so far as Communist China is concerned.

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Although this is unfortunate from our point of view it undoubtedly reflects important gaps in intelligence of which we are not aware.

4. Apart from Project No. 302365, "Motor Vehicles and Tractor Industries of USSR," I/PS will provide only summary numbers and/or estimates of technological capability on land transport equipment in the European Satellites Area during the next two years. As we lack definitive estimates of the inventory of railroad equipment in this area, we are disappointed that no provision has been made in the I/PS program for formal studies of the production of locomotives and freight cars in particular.

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